THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) to (c) The Indian Financial Institutions (IFI) informed Government of India (GoI) that a Committee had been constituted comprising of representatives from the Indian Financial Institutions *i.e.* CMD, IDBI; Managing Director, State Bank of India; Dy. Managing Director, ICICI; Managing Director, SBI Capital Markets Ltd. and Chairman, Maharashtra State Electricity Board (MSEB), to negotiate the statement of non-debt claims of the off-shore stakeholders of the Dabhol Power Project including GE.

The settlement with GE was concluded in July, 2005 under which a settlement amount of US$ 145 million has been paid to GE. The settlement is comprehensive in nature and encompasses all their outstanding claims against all the Indian stakeholders including the Government of Maharashtra. Under the settlement transaction, GE has agreed to:

* Drop all their claims against Government of India, Government of Maharashtra, Maharashtra State Electricity Board, Maharashtra Power Development Corporation and the Indian Financial Institutions.
* Transfer their right, title and interests in DPS's shares to a Special Purpose Vehicle.
* Settle their contractor claims against DPC; and
* Co-operate for the restart and completion of the project.

**Need to accelerate reform process in power sector**

1599. SHRI EKANATH K. THAKUR: Will the Minister of POWER be pleased to state:

(a) whether Government are aware of the fact that the growth in power sector is not upto the mark;

(b) whether it is a fact that although the Electricity Act, 2003 is in place, the ongoing reform process has been slowed down mainly due to increase in losses incurred by the State Electricity Boards and lack of timely initiatives by the State Governments; and

(c) if so, the steps Government propose to take to accelerate the reform process?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) to (c) No, Sir. Electricity generation in the country grew by 5.2% in year 2004-05 as compared to the previous year. This growth rate was significantly higher than the growth rate in last few years.

It is estimated that a capacity addition of 1,00,000 MW would be required during X and XI plans to achieve the goal set by the National Electricity Policy. A capacity of 13416 MW has been added till 30.11.2005 during the 10th Five Year Plan. For timely completion of projects, the monitoring mechanism has been strengthened. A nodal officer for each project has been nominated in the Central Electricity Authority. Regular review meetings are also organized.

The trend of increasing commercial losses of Power Utilities has been arrested after 2001-02. The commercial losses (without subsidy) in State Power Utilities had increased from Rs. 4,560 crores during 1992-93 to Rs. 25,259 crores during 2000-01. According to data compiled by Power Finance Corporation, the losses of Utilities have reduced from Rs. 27,068 crores in 2001-02 to Rs. 20,623 crores in 2003-04. The detail of commercial losses in various States is given in the enclosed Statement. (*See* below)

Losses have been coming down in large number of States. However, in certain States, there has been slight increase in losses in year 2003-04. In Jharkhand, losses have been increasing continuously.

The Government has launched following major initiatives to overcome the problems of the power sector and to make it competitive and viable:

(i) Tariff determination by independent Regulatory Commissions.

(ii) Accelerated Power Development and Reforms Programme (APDRP) for assisting States in investment in distribution network for reducing technical losses and improving the quality of supply and also for incentivising reduction of cash losses through cash grants.

(iii) Generation has been delicensed under the Electricity Act, 2003 and Non-discriminatory open access has been provided in transmission.

(iv) Transparent policies regarding subsidies.

(v) Stringent legal provisions relating to theft of electricity.

(vi) Emphasis on metering of feeders and supply to consumers for energy accounting and auditing for identifying location of high losses.

(vii) Implementation of energy conservation measures. Bureau of Energy Efficiency has been set up under the Energy Conservation Act.

(viii) Accelerated Generation and Supply Programme (AG&SP) to support capacity augmentation through renovation and modernization and new generation schemes.

(ix) Periodical ratings of State Power Utilities to asses the progress of reforms.

***Statement***

*State-wise details of Commercial Profit/Loss of power utilities*

(Rs. in crore)

| Sl. No. | SEBs | 2001-02 | 2002-03 | 2003-04 | Loss reduction (-)/ increase | |
|---|---|---|---|---|---|---|
| | | | | | In 2002-03 from 2001-02 | In 2003-04 from 2002-03 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | Andhra Pradesh | -2948 | -1209 | -1400 | -1739 | 191 |
| 2. | Assam | -696 | -776 | -655 | 80 | -121 |
| 3. | Arunachal Pradesh | -93 | -117 | -82 | 24 | -35 |
| 4. | Bihar | -896 | -1095 | -980 | 199 | -115 |
| 5. | Chhattisgarh | 204 | 792 | 587 | * | * |
| 6. | Delhi | NA | -733 | -1774 | - | 1041 |
| 7. | Goa | -7 | 130 | 153 | * | * |
| 8. | Gujarat | -3102 | -2250 | -3020 | -852 | 770 |
| 9. | Haryana | -947 | -804 | -769 | -143 | -35 |
| 10. | Himachal Pradesh | -107 | -53 | -46 | -54 | -7 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| 11. | Jharkhand | -255 | -397 | -522 | 142 | 125 |
| 12. | Jammu & Kashmir | 35 | -1242 | -1229 | 1277 | -13 |
| 13. | Karnataka | -1844 | -1567 | -1235 | -277 | -332 |
| 14. | Kerala | -1254 | -935 | -915 | -319 | -20 |
| 15. | Madhya Pradesh | -1347 | -822 | -1230 | -525 | 408 |
| 16. | Maharashtra | -540 | -255 | -549 | -285 | 294 |
| 17. | Manipur | -129 | -128 | -125 | -1 | -3 |
| 18. | Meghalaya | -38 | -19 | 64 | -19 | * |
| 19. | Mizoram | -30 | -34 | -49 | 4 | 15 |
| 20. | Nagaland | -52 | -55 | -42 | 3 | -13 |
| 21. | Orissa | -252 | -928 | 215 | 676 | * |
| 22. | Punjab | -1868 | -1386 | -663 | -482 | -723 |
| 23. | Pondicherry | -44 | 34 | 38 | * | * |
| 24. | Rajasthan | -1324 | -1738 | -1777 | 414 | 39 |
| 25. | Sikkim | -10 | -30 | -15 | 20 | -15 |
| 26. | Tamil Nadu | -5175 | -2100 | -1416 | -3075 | -684 |
| 27. | Tripura | -100 | -94 | -5 | -6 | -89 |
| 28. | Uttar Pradesh | -2518 | -2374 | -2848 | -144 | 474 |
| 29. | Uttranchal | -27 | 32 | -35 | * | 67 |
| 30. | West Bengal | -1705 | -914 | -296 | -791 | -618 |
| | TOTAL | -27068 | -21064 | -20623 | | |

*Earned profits

Source: "Report on the Performance of the State Power Utilities for the years 2001-02 to 2003-04" by Power Finance Corporation.